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TAGS: [KWBG](#) [EAID](#) [ECON](#) [IS](#) [SETTLEMENTS](#) [GAZA](#) [DISENGAGEMENT](#)

SUBJECT: GAZA DAIRY FARMER WANTS INTACT TRANSFER, DESCRIBE
COMPLEX SETTLER MINDSET

Classified By: Economic Counselor William Weinstein for reasons 1.4 (b)
and (d)

1. (C) Summary and comment: Amidst halting progress on GOI-PA negotiations regarding the disposition of settlement assets, some settlement farmers are making independent attempts to secure the continuity of enterprises in which they have invested significant resources. The CEO of Omer Cattle Marketing, the Gaza Strip's only dairy farm, is seeking USG or European backing to transfer his business to the Palestinians in tandem with disengagement. Omer's Gush Katif owner/directors have forbidden management to seek a Palestinian buyer from among the company's existing contacts. Dani also discussed the status of settler preparations for withdrawal, quipping that while Katif residents are "no longer mowing their lawns," they have made no specific plans for their post-disengagement lives inside green line Israel. In his view, settlers are beginning Spring planting not as an ideological gesture but a pragmatic commercial measure -- planting now will enable them to claim a force majeure exemption if disengagement prevents them from meeting contractual obligations to marketing firms. Finally, Dani posited that settlers will willfully destroy greenhouse technology and other valuable agribusiness assets on the hectic "hour of" withdrawal, arguing that despite the IDF's training of special disengagement units it will not be equipped to evacuate or safeguard machinery. End summary.

Gaza's Dairy Farm Managers Prefer Intact Transfer
With USG or European Assistance

2. (C) While GOI and international attention has focused on the need to preserve settlement greenhouses following Israel's withdrawal from the Gaza Strip, policy planning has glossed over some settlement businesses that hold significant economic potential for the post-disengagement Gazan economy. Dani Ben Barak, CEO of Omer Cattle Marketing, which manages the Gaza Strip's only dairy farm, told Econoff May 29 that he believes his business falls into this category, and said that intact transfer to the Palestinians is the only way to maintain the farm's value in the face of disengagement. Barak explained that, if evacuated, Omer's several hundred head of cattle would have to be divided between several existing farms inside Israel, since the disengagement timeline offers no opportunity for the company to build a new facility elsewhere. He explained that Omer's Gush Katif owner/directors refuse to allow company management to seek a buyer from among interested Gazan agribusiness contacts. Only USG or European involvement, Barak said, will be sufficient to overcome this resistance, and enable what he termed "a boon to the Gazan economy and a significant national gesture for Israel." (Note: Omer does not currently meet USAID's Palestinian Agribusiness Partnership Activity (PAPA) requirements for employment generation because it is primarily involved in R D and cattle import. It is connected, however, to the Israeli agricultural management firm CYC, which maintains farm facilities in several countries and could serve as a marketing link for increased Gazan exports. End note.)

3. (C) Omer management envisions transferring the farm intact to the PA or a Gazan firm via a third party -- preferably a USG agency such as USAID or the Foreign Agricultural Service (FAS), a private U.S. firm, or a European entity such as the Dutch -- or, more simply, selling it directly to one of these outside entities. Barak explained that the final owner, not the middleman, would pay Omer approximately 80 percent of the cost of opening a new facility inside Israel. He pointed out that while management is willing to work with the Peres Center for Peace to potentially arrange for Dutch custodianship of the farm after withdrawal, this cooperation would also require USG assistance due to settlers' "longstanding distrust" of Peres. When asked if Omer has approached the GOI with this agenda, Barak maintained that his company needs USG or European backing before the GOI will agree to support the plan "on a policy level." Einat Wilf, advisor to Vice PM Shimon Peres, told EconCouns that she expects Omer, like the rest of the settlement agribusinesses, will accept GOI compensation for approximately 60 percent of the value of its farm and simply evacuate what it can, leaving the rest behind.

Gush Katif Settlers' Denial is a Front

14. (C) Barak described the current mood in Gush Katif as one of deliberate passivity. "People have stopped mowing their lawns and cleaning their houses," he quipped, "but nobody is making plans" for their post-disengagement lives inside Green Line Israel. In his view, settlers know in the back of their minds that they will be evacuated, but the political climate requires that they maintain a front of denial. He said he believes that the settlement farmers have begun Spring planting not to send the message that disengagement will fail, as some Israeli media have reported, but to cover themselves legally when evacuation precludes them from meeting contractual obligations to marketing and retail firms. "If they plant now, they can claim disengagement was a force majeure," Barak said.

Greenhouse Technology Will Be Destroyed or Left Behind

15. (C) Most of the USD 80 million worth of high-tech greenhouse machinery currently operating in Gush Katif will not leave the Gaza Strip, Barak claimed. In many cases, he said, settlers will be focused solely on their families and personal belongings at "the hour of evacuation," and will not concern themselves with cumbersome pieces of technology that have no fixed destination inside Israel. In other cases, settlers will destroy the machinery "out of spite" in the chaos of withdrawal. The relatively few settlers that Barak expects will request the IDF to transport their greenhouse technology will be disappointed -- Barak asserted that despite highly publicized IDF preparations for disengagement, IDF soldiers will not be equipped to properly evacuate the machinery or protect it from settler vandalism.

16. (C) Comment: Barak's assertion that the GOI will not support intact transfer of the dairy farm unless it has U.S. or European backing is indicative of a murky political environment in which fraught settler-GOI relations and frequent impasses in GOI-PA technical coordination derail positive ground-level initiatives. With disengagement quickly approaching, it appears that many potentially valuable economic assets will drop off the radar screen unless clear protocols for the transfer of assets are promptly put in place. End comment.

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